Behavioral Health Business

The Promise and Challenge of Wrap-Around Services in Behavioral Health Care

By Laura Lovett | June 26, 2025

Over the weekend, my husband and I rushed to install our clunky air conditioning units in our New England Cape as temperatures rose to over 100°F. This time, the rush paid off, and by Tuesday's record-setting day, we had a reprieve in at least a few rooms.

But one fateful summer, my husband lost control during the air conditioning installation and dropped it out the window of our old third-story walk-up. That summer, I accomplished very little.

This experience reminded me how much our physical environment affects our ability to function and be productive – a principle that extends far beyond personal comfort to fundamental health outcomes.

Social determinants of health became a hot topic in health care during the COVID-19 pandemic, though health care workers caring for vulnerable populations have long understood the impact of housing, food, social connectedness and occupation on outcomes. For many conditions, especially in the behavioral health space, stability is crucial.

Roughly two-thirds of unhoused people have a mental health disorder, according to research published in JAMA. Several providers, both establishment players and newcomers, have tried to establish holistic efforts in caring for their patients. Just one example of this concept is helping members find housing – in some cases even providing housing directly.

But providers have struggled to sustain a business model for wrap-around services for both substance use disorder (SUD) and serious mental illness (SMI) care.

In this BHB+ Update I will discuss:

- The promise of wrap-around services
- Why wrap-around support is so difficult to implement
- How a change in reimbursement could facilitate more conversations around varied services

The landscape

Earlier this week, OneFifteen – an opioid use disorder treatment provider created in partnership with Google's parent company Alphabet – announced plans to close after providing patients with comprehensive wrap-around services.

The provider, which was primarily grant-funded, cited reimbursement challenges as one of the key drivers for the decision to end its programs.

Additionally, firsthand, a venture-backed startup focused on getting patients with SMI into care by linking them to care advocates and community services, laid off a substantial portion of its staff.

The bulk of providers offering wrap-around services do not necessarily provide housing, food or career education. Most are providing services to connect individuals with the necessary community entities to access this type of care.

In some states, Medicaid can reimburse for these services. But with Medicaid reform on the horizon, providing these types of services to patients in need could become challenging in the future.

At the center of every health care story is the question, "How is this getting paid for?" The financial implications are the reason so many health care stakeholders reach a consensus on a solution that never sees implementation. The ideals don't line up with economics.

Capitated payment models could be a path forward for providing services such as residential care, food services and other social determinants of health. Providers in capitated arrangements have greater freedom to determine the best holistic approach to patient care.

Yet these types of arrangements are rare in behavioral health, in part because they put a lot of risk on the provider. Before joining the payer space, Rhonda Robinson Beale, SVP and deputy chief medical officer for mental health Services at UnitedHealth Group, was a provider who fully committed to a capitated model of care.

"I paid for services in the community because I was paid per member per month, and I had the luxury of paying the hospitals," Beale said at the Future of Mental Health conference earlier this month. "I paid for residential. I paid for everything, which means I could negotiate with those entities, and I negotiated a rate, but I had the flexibility to do that. I say that because that's what it's going to take in order to expand the services."

And while these types of arrangements allow for more flexibility, it can be a hard sell to get providers with already thin margins on board.

"Unfortunately, it's not easy," she said. "Providers are not really as crazy as I was to take on such a venture, but that type of structure is what allows those ancillary – I call them "ancillary," but "necessary" components of the system – to exist and be reimbursed."

However, Beale isn't the only provider to have explored value-based arrangements as a means of offering wrap-around services.

Cityblock, also backed by Alphabet, offers physical and behavioral health services to vulnerable populations. The provider takes an active role in helping patients find wrap-around services. It does this on a value-based care basis. And the numbers are promising. A study published in NEJM Catalyst found that Medicaid and dually eligible patients enrolled in Cityblock's behavioral health program experienced an 11.5% decrease in total care costs and a 19.7% decrease in inpatient treatment utilization compared to patients not enrolled in the program.

Even so, Cityblock has seen its fair share of challenges. In 2023, the company laid off 155 employees to become more "nimble."

Another pathway to offer wrap-around services is through charity donations, foundations and grants. For some large systems, this is working.

“We provide recovery homes for people who have stepped down into outpatient services, and as a result of that we have our own foundation that tries to contribute by helping people stay in those homes longer so that they can continue their recovery, make sure they have a good roof over their head, they’re eating every day, and we can help them find meaningful employment so that the likelihood of them being successful in recovery is huge,” Joe Martz, CEO of Merakey, told me.

Lafayette Hill, Pennsylvania-based Merakey is a nonprofit behavioral health system. It offers mental health, SUD and autism services.

While these types of funding have enabled providers to offer more services, they are also dependent on the broader grant funding and development landscape.

Final thoughts

It is very difficult to access proper behavioral health care when homeless or hungry. Having a provider to navigate – or even better, provide – those services can enable better care.

Yet for a fee-for-service provider, that can sometimes mean non-reimbursable services. I think alternative payment models could help enable these types of services in the future. If a provider were in a fully capitated payment arrangement with a payer, it would give the provider a chance to examine real solutions and weigh the expenses.

Grant funding and donations are useful tools for supplementing care, and I applaud foundations that are doing this type of work. However, I believe it’s also essential to have a sustainable business model that will support this work in the long term.

Laura Lovett

Laura Lovett is the Editor of Behavioral Health Business. Prior to this, she served as the Executive Editor of MobiHealthNews, a HIMSS Media publication. While reporting for MobiHealthNews, she won three bronze AZBEE awards including one for impact reporting. In 2019 Lovett took part in the Umass Medical Media Fellowship. Lovett was educated at the University of East Anglia, the University of Massachusetts, and Oxford University. If she isn’t reporting on healthcare she’s probably kayaking on the Charles River or trying a new recipe.